

Annual Report
OF THE
**SOCIAL
CREDIT
BOARD**
1942



PRESENTED TO THE LEGISLATIVE
ASSEMBLY OF THE PROVINCE OF
ALBERTA AT ITS 1943 SESSION



**ANNUAL REPORT
OF THE
ALBERTA SOCIAL CREDIT BOARD
for the year ending December 31, 1942**

INTRODUCTION

Summary of Board Activities

In order to be properly equipped to place the issues of the day before the public, your Board has, during the past year, made a study of world events. These have been analyzed from the standpoint of their effect upon our economy and our democratic way of life.

About three hundred public meetings were held by the Board members at points throughout the Province, and over one hundred and thirty thousand informative pamphlets prepared and distributed.

Besides this they have made a careful study of the various schemes advanced as post-war reconstruction measures, and have made an analysis of same. A commentary on the Beveridge Report is submitted herewith.

PART I

In Retrospect

This is the sixth annual report of the Social Credit Board to the Legislative Assembly. In all previous reports the Board has pointed out the evils of the present money system and at all times has endeavoured to show the members the inevitable results of continuing the present monetary policy of the world. In the light of present day events, nothing can be more revealing than to look back into previous reports and see what your Board has said. Reporting to the Legislative Assembly in 1939, the Board said in part:

“It is necessary to refer to some of the dangers and possibilities which face the nation and the people of this province at the present time.

"The evidence is overwhelming that the objective of International Finance in the present struggle centred in the war is the destruction for all practical purposes, of the British Commonwealth of Nations as the bulwark of democracy.

"There can be little doubt that the forces controlled by International Finance will be invoked to concentrate on the weakening of the sovereign power of the people, by means of a progressive centralization of power. The rapid increase of the debt structure as a result of the war, the introduction of large scale planning under bureaucratic central control, the imposition of harsh regulations and the rapid increase of taxation are methods which have already proved successful in consolidating financial control in the past under the pretext of war conditions. Therefore they are likely to be the methods used by International Finance at the present time in the pursuit of its objective of world domination, while the attention and energies of the nations are directed towards the successful prosecution of the war.

"It will be surprising if we do not witness a determined drive for the rapid centralization of power during the coming months. And to anyone who realizes the danger, it will be evident that nothing short of a determined resistance against every move directed towards the centralization of power will avert the disaster towards which it is deliberately designed to lead us.

"Thus we face a future never more pregnant with possible disaster for humanity, and yet never richer in its possibilities of building out of the chaos and carnage of a dying social order, a civilization of unbelievable beauty, dignity and prosperity for humanity."

World Tyranny

Subsequent national and international events have verified the truth of this statement. Shortly after these words were printed, an organization which had long been laying its underground plans for world domination proclaimed simultaneously in Great Britain, Can-

ada, Australia and the United States through devious channels of propaganda, a plan for "World Peace." This plan has been popularly called "Union Now." The stage has been well set and appropriately timed. All people abhor war and even the sanest will agree to almost any conditions rather than see such suffering and carnage as is taking place today. When the war appeared to be at its worst, therefore, we were told that the only way to have permanent peace lay in our acceptance of the following conditions:

1. Establishment of an international government.
2. The relinquishing of our national sovereignty.

This international government is to have absolute control over:

- (1) Monetary policy of the countries in the Union.
- (2) The armed forces of the countries in the Union.
- (3) An international police force.
- (4) Citizenship rights of the people in the Union.
- (5) Postal and other means of communication.
- (6) Regulation of foreign and other trade.

In our modern complex economy every question we discuss evolves upon the subject of money. Every result the people ask for is dependent upon the money system. Therefore, unless the people have control of the monetary policy of their country, they are not in a position to demand results effectively.

It is stated quite emphatically that in order to have peace, the countries of the world must delegate their sovereignty to an international power, a power so far removed from the people, that they will have no control whatever over it. Who would think for one moment of Canada declaring war upon South Africa? No one. These countries belong to the great British Commonwealth of Nations, and each one has the sovereign right to manage its own affairs in accordance with the wishes of the people. Would anyone suggest that in order that peace may be maintained within the British Empire,

that these countries should hand over their sovereignty to some international power over which they have no control? The idea is preposterous.

National Sovereignty

While this propaganda is being promulgated on the one hand, we are telling the conquered countries of Europe that after the war is over, sovereignty will be restored to them. We are telling our soldiers that they are fighting to maintain the freedom of the British democracies and to regain for the conquered countries of Europe the democratic freedom which they have lost at the hands of Hitler. The "Union Now" advocates insist that we cannot have sovereignty and peace. This statement is absolutely false. But it would be correct to say that we cannot long have peace while the people suffer want in a world of plenty. Economic insecurity of the people has given rise to dictatorships everywhere. Hitler promised the people of Germany economic security in exchange for their freedom, and we today are paying the price.

If this plan of "Union Now" succeeds, does it not therefore mean that we have not only given up our control over the key which leads to economic security and individual freedom, in other words "money," but we have also clothed this international authority with the power to enforce their dictates?

Suppose that Canada, after this war is over, desires to change her monetary system, to break away from the gold standard, and to base her credit issuance upon the goods our people can produce, would she be in a position to do so? Not without the consent of this international authority, because according to the plan, the international government has the sole right to control money. We will assume that the Dominion of Canada defies this central authority and issues her own money. What position would we be in then? The international organization could enforce its will upon us because it would have absolute control over the armed forces, and could go so far, if it so desired, as to deny any of our people the rights of citizenship. Our boys in uniform will not like to be told that this is the condition they may find after they return from this great conflict, and take their places once more in civil life.

Many men in high places are saying that the people should not discuss this most vital problem at the present time. Win the war first and talk about "Union Now" when it comes, is the cry. That is what we did about the last war. Our leaders waited until it came before they started to prepare, even though they had ample evidence to prove that it was coming. As a matter of fact, the situation is worse than that. Our boys today are dying by the thousands, killed with shot and shell supplied to the enemy a few years ago by our own country. Who would say that this was the will of the Canadian people? We have already seen enough of international government when it controls only the monetary system. As evidence of this, it is only necessary to quote the words of the late Rt. Hon. Ramsay Macdonald when he said, "Finance controls the sluices of every stream that runs to turn the wheels of industry and can put fetters upon the feet of every government that is in existence." What may we hope to see if we give them control of the armed forces as well? "Union Now" propaganda is fifth columnism in its most insidious form. In Canada a man may be interned for being a Jehovah's Witness, yet radio time is allowed to another to advocate a form of international government which nullifies democracy.

Poisonous Propaganda

Those who control our financial system are much more concerned about the continuance of their power, than they are about the saving of democracy, and it is in order to save their power that "Union Now" is being propagated.

A New York publication, "The Voice of Austria," published in August, 1941, the following:

" . . . if there is any hope at all that foreign capital can be procured for the post-war reconstruction of Europe, then a new legal system for the safe-guarding of these investments and loans is essential. No country which stubbornly wishes to maintain its full sovereignty in this field can expect to attract foreign capital.

"The new covenant of the League of Nations will therefore have to include a rigid limitation on the sovereign rights of every nation, which intends to borrow

abroad or to obtain foreign investments. Unilateral measures which affect the essentials of the contractual obligations, the currency system, taxation and other important matters have to be rendered unlawful. The debtor countries should not have any rights, which are denied to private debtors. No country should have the right to inflict harm on foreign investors.

"All these provisions will have to be efficiently enforced by international tribunals and by sanctions which the League must apply with a greater measure of success than in the past. Without some kind of international police power, such a plan could not be carried out. Coercive measures are indispensable in order to make reluctant debtor countries pay.

"Of course, this is equivalent to a very rigid limitation on national sovereignty. But there is no other way to make international capital transfers possible again. The nations involved will have to choose between the renunciation of the aid of foreign capital or this abandonment of their unlimited sovereign powers. They will have to renounce a good deal of their sovereignty not for the benefit of foreign capital but for the benefit of their own economic reconstruction."

The author of the article from which this quotation is taken, bears the name of Ludwig von Mises. He is described in the publication in question as — "recently Professor International Studies in Geneva, previous Professor of Economics at the University of Vienna, author of 'Socialism—an Economic Analysis'."

In effect this article states that unless the people of the various countries relinquish this thing known as sovereignty, or at least place this sovereignty under the control of an international police force, the world will not be safe for International Finance. In other words, democracy must be destroyed in order that the international money power can live.

The Voice of Finance

The "Glasgow Herald" of June 19, 1941, speaking of an eminent British financier quoted as follows:

"Sir Victor Sassoon, British merchant banker who arrived in Los Angeles yesterday, en route to Shanghai, said there was no other way to stop Hitler but to form a world federation of democracies, with Britain, Canada and Australia becoming a part of the United States.

"'The United States,' he said, 'needs Britain, Australia and Canada to consume the exports of South America.'

"'It is now obvious,' he added, 'to business men of the world that the federal alliance of Britain is so necessary that it hardly bears discussion.'

"'Britain must come into the democracy of the United States with full right of Statehood.'

"'It is also obvious that such an arrangement would mean that Britain would relinquish her traditions and institutions of government'."

The author of these words is quite prepared to subjugate the British Empire to the United States, and he suggests this must be done in order to build up a better form of international trade. It must be evident to all who have given the question of international trade even a superficial study, that it is one of the underlying causes of war.

In ancient times one country frequently ravaged another in order to take from that country something it had produced. "To the Victor belong the spoils," they said.

Today one country wars against another in order to force that country to take goods the former has produced. In other words, "To the vanquished belong the spoils." Yet this ruins the people of the conquered country, because already having more goods than their money could buy, they find themselves with still more goods, but no more money. Factories close down, people become unemployed, and want becomes more rampant.

We have seen countless thousands of our people suffering from malnutrition while all the while our warehouses were stocked with food. We have seen our people living in hovels while building materials were piled high. Only too

often have we witnessed men, women and little children perishing with cold for the want of clothing, while at the same time we had an abundance of everything they could desire to give them food, clothing and shelter. Our orthodox economists have told us that the only way to solve the problem is to create a favourable balance of trade. In other words, we must export more than we import, so that we can avail ourselves of external money to buy those things we already have produced. Why in the name of common sense can't our leaders see that the only thing we lack is purchasing power? Why chase all over the globe looking for foreign markets before our home market is satisfied? Why keep our people in economic slavery just because the bankers refuse to put into circulation sufficient money tokens to balance the amount of goods which we have produced? No orthodox economist can give a satisfactory answer to these questions.

The propagators of "Union Now" are very desirous of seeing that this present system with all the misery it inflicts upon the people, should exist at all costs. Many who speak in support of it, however, see nothing but the bait which is being thrown out to catch the unsuspecting citizen. About June, 1939, the headquarters of the "Union Now" movement for Britain with offices at 44 Garden Square, London, revealed that many persons in high places in England were openly supporting this pernicious scheme. Amongst other names it contained these: Lord Astor, Mr. Wickham Steed, Mr. Ernest Bevin, Professor Arnold Toynbee, Lady Rhondda, Mrs. Barbara Wootton, Clement Atlee, Duff Cooper and Lord Marley. Not long after this, these Federal Unionists arranged a B.B.C. broadcast. Mr. Clarence Streit spoke from America, followed by Mr. Robert Byron from England, who in turn was followed by Professor Zimmern from Geneva.

An Evil Plot

Surely, this should prove even to the most credulous that a deep laid scheme for financial control of the world by a handful of power seekers is being carried on behind the scenes. If the menace of such world totalitarianism is not met and destroyed now, the people of all countries will find themselves faced with a greater problem than that which confronted them in

September, 1939. Nazi and Fasicst propaganda ran rampant for a long time in Europe before the world ever heard of a Nazi or Fascist government. Who would say in the light of things today that this early propaganda was not a menace to our very existence even in its early stages? Let us not wait this time until two-thirds of the population have been exposed to the disease before we put the quarantine sign on the door.

Federal Union does not involve co-operation, as some would have us believe, but Union under a financial dictatorship. The international government as suggested by "Union Now" advocates, sets out the number of members from each country taking part in the Federation. It suggests that the voting strength of the British Empire—that is the entire Empire—shall be a definite minority. It appears evident that one of the ebjectives of the present world war is the financial subjugation of the British Empire and the United States to International Finance and the establishment of New York as the centre of world finance. It does not, therefore, take a genuis to come to the conclusion that this scheme would mean the ultimate disintegration of the British Empire. Edward Bellamy once stated, "He who controls the things that people want, controls the people." Money controls the things that people want, and therefore, every aspect of economic life. Hence those who control money control the people. Baron Rothschild once said, "Permit me to issue and control a nation's money and I care not who makes its laws." In other words, the controllers of money control governments, and, therefore, render democracy helpless.

Control of our national money system by an alien international authority would give to a group of men, probably not even British, complete control over our national life, production, consumption, prices, taxation, and, in short, everything over which the people themselves should have control. Parliament would be helpless, because to tackle the money problem, would be unconstitutional. Likewise the people would be just as helpless. If they found they could not tolerate conditions imposed upon them, and went so far as to rebel, this same international authority, as suggested by the "Union Now" proposal could, through its control of the armed forces and the police force

suppress all such uprisings. None but the blind can fail to see that this proposed union would be nothing more than complete totalitarian dictatorship. Fundamentally there is no difference between the new order suggested for Europe by Hitler and the one suggested by Federal Unionists for the democracies.

The British Way

The British Empire itself is an outstanding example of the right type of co-operation. Each unit is free to manage its own affairs in accordance with the people's wishes, and without releasing one tittle of their sovereignty, these great countries will continue to live in peace one with the other. This is co-operation based upon the decentralization of control and should form a working model for a new world order. The future peace of the world depends not upon any arbitrary restriction of individual or national liberties, but rather upon everyone being economically secure and free. Had the people in Germany been secure in post-war years, we would never have heard of Hitler or Nazism.

The only way to make them secure and free is to change the present money system—a system which breeds poverty, insecurity and regimentation—and to change it in such a way that the people are able to consume the abundance which we can produce in this mechanized age. The people combined and determined is the only force which can bring this about, and how can this be done under Federal Union proposals? In order that true democracy can truly function, the people must be in close contact with their representatives. "Union Now" proposals would remove the member even further than he is today from the control of his constituents. The result of this would be to place the elected representatives in a position where they could not even hear the voice of the people.

International Finance intended, at the close of the last war, to establish an international government, but their first attempt, the "League of Nations," failed miserably. It was foreseen by them that the war must be continued in the not too distant future, and the present war is the result. The last war ended with an "Armistice" which according to the Oxford dictionary is nothing more than a "Cessation

from arms for a short time, a short truce." The period between 1918 and 1939, instead of being one of peace, was one of intrigue, and careful preparation was laid for the present conflict. Present at the peace conference, which laid down the Armistice terms following the last war, were many of the international bankers. Speaking of the historic meeting sometime later, Lloyd George in referring to the part played by these men had this to say:

"They (international bankers) swept statesmen, politicians, jurists and journalists all on one side, and issued their orders with the imperiousness of absolute monarchs who knew that there was no appeal from their ruthless decrees. This settlement (the Dawes Reparation Pact) is the joint ukase of King Dollar and King Sterling."

Evidence of the Conspiracy

We have already stated that the period from 1918 to 1939 was one of intrigue. The financial operations of the world were directed in such a way as to place a greater stranglehold upon the people. The depression of 1929 ruined thousands of people who previously were comfortably situated. Millions were reduced to a condition of abject poverty and relief rolls reached unprecedented proportions. All the while the internationalists were meeting behind closed doors to devise ways and means of enslaving the people forever. If the people of the democracies can be beguiled into relinquishing their sovereignty, and consequently their control over local self-government, they have unconsciously placed the international money power in control of every aspect of their lives. That this plan for world domination was proceeding in the years between the last and present war, is definitely known. As a proof of this statement, we need only to quote as we did in our 1940 report, an extract from an address given by Professor Arnold Toynbee, of the Institute of International Affairs, to the Fourth Annual Conference of Institutions for the Scientific Study of International Relations on June 8-10, 1931, at Copenhagen, Denmark.

"In the spirit of determination which happily animates us, we shall have no inclination to under-estimate the strength of

the political force which we are striving to overcome. What is this force? If we are frank with ourselves, we shall admit that we are engaged on a deliberate and sustained and concentrated effort to impose limitations upon the sovereignty and the independence of the fifty or sixty local sovereign independent states which at present partition the habitable surface of the earth and divide the political allegiance of mankind. The surest sign, to my mind, that this fetish of local national sovereignty is our intended victim is the emphasis with which all our statesmen and our publicists protest with one accord, and over and over again, at every step forward which we take, that, whatever changes we may make in the international situation, the sacred principle of local sovereignty will be maintained inviolable.

"This, I repeat, is a sure sign that at each of those steps forward, the principle of local sovereignty is really being encroached upon and its sphere of action reduced and its power for evil restricted. It is just because we are really attacking the principle of local sovereignty, that we keep on protesting our loyalty to it so loudly. The harder we press our attack upon the idol, the more pains we take to keep its priests and devotees in a fool's paradise—lapped in a false sense of security which will inhibit them from taking up arms in their idol's defense. Perhaps, too, when we make these protestations, we are partly concerned to deceive ourselves. For let us be honest. Even the most internationally-minded among us are votaries of this false god of local sovereignty to some extent. It is such an old-established object of worship that it retains some hold even over the most enlightened people."

What Magic?

"And what is the magic which gives local sovereignty its power? It is powerful, I think, because it has inherited the prestige and the prerogatives of the mediaeval Western Church, which were transferred at the close of the Middle Ages, from the whole to the parts, from the great society

of Western Christendom to each of that society's 'successor States,' represented now by the fifty or sixty sovereign independent States of the 'post-war' world. The local national state, invested with the attributes of sovereignty—invested, that is, with the prestige and the prerogatives of the mediaeval Church—is an abomination of desolation standing in the place where it ought not. It has stood in that place now—demanding and receiving human sacrifices from its poor deluded votaries—for four or five centuries. Our political task in our generation is to cast the abomination out, to cleanse the temple and to restore the worship of the divinity to whom the temple rightly belongs. In plain terms, we have to re-transfer the prestige and the prerogatives of sovereignty from the fifty or sixty fragments of contemporary society to the whole of contemporary society—from the local national states by which sovereignty has been usurped, with disastrous consequences, for half a millennium, to some institution embodying our society as a whole.

"In the world as it is today, this institution can hardly be a universal Church. It is more likely to be something like a League of Nations. I will not prophesy. I will merely repeat that we are at present working, discreetly but with all our might, to wrest this mysterious political force called sovereignty out of the clutches of the local national states of our world. And all the time we are denying with our lips what we are doing with our hands, because to impugn the sovereignty of the local national states of the world is still a heresy for which a statesman or a publicist can be—perhaps not quite burnt at the stake, but certainly ostracised and discredited.

"The dragon of local sovereignty can still use its teeth and claws when it is brought to bay. Nevertheless, I believe that the monster is doomed to perish by our sword. The fifty or sixty local states of the world will no doubt survive as administrative conveniences. But sooner or later sovereignty will depart from them. Sovereignty will cease, in fact if not in name, to be a local affair."

This then is the menace with which we as true democrats, and as representatives of the people, must deal. Your Board has kept this question uppermost in mind in all its activities.

PART II

POST-WAR PLANNING

Following the ordinary Session of the Legislative Assembly, 1942, the members of your Board spent some time in the preparation of their year's work. Second in importance only to the winning of the war is the question of post-war reconstruction. Your Board therefore devised a programme having as its basis this most vital question. The Board's contact with the public during the past year has proven that the thinking people of Alberta, regardless of political, racial, or religious differences, are giving much thought to the problem of what these conditions will be. Many public meetings were held, and informative literature distributed dealing with the truths of the economic situation. Many people remember only too well the Great War of 1914-1918 and the depressions which followed it. Naturally they are wondering whether the fruits of another military victory will be another economic war.

When the war, forced upon us in 1939, caught us totally unprepared as it did, all thought was centered upon the war effort. During the years that have followed we have seen industry geared to cope with the necessity of a maximum war production. We have seen our Canadian people doing their utmost to bring about a rapid and complete defeat of the axis forces. Now after over three years of war we see the allied forces, not only holding their own, but taking the initiative in offensive action against the forces of dictatorship. This ray of sunshine has stirred the hearts of our people, and they now look into the future optimistic and unafraid, and filled with a determination to see that such a thing as war shall not recur.

Is it any wonder, therefore, that the people are seeking to find the true causes of wars and depressions?

Many people today are saying that no one should dare to speak about a new order until

after the war is over. Nevertheless some of the world's leaders are stating most emphatically that if the post-war order is not well under way before hostilities cease, we may win the war but lose the peace. The Rt. Hon. Mackenzie King, Premier of Canada, speaking in London, England, on September 4, 1941, said:

"If that new order is not already on its way before the war is over we may look for it in vain. A new world order cannot be worked out at some given moment and reduced to writing at a conference table. It is not a matter of parchments and of seals. A new world order, to be worthy of the name, is something that is born, not made. It is something that lives and breathes, something that needs to be developed in the hearts of men, something that touches the human soul. It expresses itself in good-will and in mutual aid."

Today many so-called plans for a post-war economy are being suggested; the one having received most attention to date being that proposed by Sir William Beveridge for Great Britain. While the author of this plan has made it abundantly clear that the proposals apply only to Great Britain, his suggestions have been seized upon by public men all over the English speaking world.

We note by the press that the Government in Ottawa is already drafting a similar scheme for Canada.

Money System Unchanged

Not in any of the schemes thus far proposed, including the Beveridge scheme, is there any mention of the money system. They appear to take for granted the fact that the only economic changes which can be brought about to give the people economic security, must be limited to the narrow confines of the present monetary system. This system as all can remember, was totally inadequate to deal with pre-war economic evils, so we have no reason to hope that it will be any better in post-war days. Yet all orthodox economists today, who attempt to devise a post-war economy start from the premise that the people must accept the present money system as it now exists.

It is true beyond doubt that at least 80% of the people of the world do not want war. Therefore we are safe in saying that those who do want war are very much in the minority. In a democracy we believe that through co-operation the people can obtain the results they want from the management of their affairs. What, then, is wrong with our democracy when we see the will of the majority thwarted by a few, and a devastating war thrust upon the people against their will?

This question has been answered many times by men whose authority is unquestioned. Disraeli answered it when he said:

“The world is governed by very different persons from what is imagined by those who are not behind the scenes.”

It is this hidden hand of “Finance” which rules the world, working cautiously at all times in the shadows. It is they, who endow the chairs of political economy of many of the world’s leading universities, and they who direct those who occupy those chairs. From these economists come now the plans which are being hailed by the financially controlled “Free” press as plans for post-war peace and plenty. The foremost of these is that proposed by Sir William Beveridge for Great Britain.

The way for the reformer is hard. Usually a new idea is suppressed, ridiculed and scorned as soon as it makes its appearance. Men like Marconi, Edison and Ford fought against what appeared to be overwhelming odds before they were able to prove their ideas were right. Not so with Sir William Beveridge. His plan has been hailed by the press as a brand new idea, and at once it was pictured to the people of the democracies as the only proper means of establishing a post-war world of peace and plenty. Even before the ink was dry on the report itself, the press of Canada had adopted it; and already the Federal Parliament is preparing legislation for introducing into Canada such a plan.

THE BEVERIDGE REPORT

Who Is Sir William Beveridge?

Sir William Beveridge’s career has been a long and varied one but we need note here only those facts which may throw light on “The Beveridge Report of 1942.”

Sir William was born on March 5, 1879, in Rangpur, Bengal, India. He was educated at Charterhouse and then at Balliol College, Oxford. In 1902 he was granted Master of Arts and Bachelor of Civil Law degrees. From 1919 to 1937 he was director of the London School of Economics,—an institution which seems to be the fountain head of so many of the “expert” economists who profess to understand the present economy but who have failed to suggest any practical solution for the multitude of evils which are inherent in the system. In 1930 Sir William Beveridge was granted a D.Sc. degree in Economics. He is generally considered to be a Fabian Socialist. In 1932 he wrote, “Planning under Socialism”—a book, the title of which in itself reveals the nature of the philosophy to which he subscribes. Current Biography (Jan., 1943) has this comment to make: “Beveridge is interested in the work of the Federal Union organization.” In 1940 he wrote a pamphlet entitled “Peace by Federation,” which is further confirmation of his interest in the totalitarian principles advocated by the sponsors of the Federal Union proposals.

Apparently, Sir William was aware of the true cause of economic distress for he called the slump of 1930, “a world disease of money and prices,” whose remedy if there was one, “must clearly lie in some form of concerted action by those whose business is the management of money and lending—the Central Banks of the chief industrial countries.” “That is their business and no one else’s,” he wrote, “whether they can find a remedy or not, no one else can.”

Though he evidently knew that the way to a better world lay in the direction of a reformed financial system, Beveridge, nevertheless, chose to advocate an anti-democratic philosophy based on the principles of national socialism. In 1942 he said, “National Planning may probably mean the replacement of competitive private enterprise for profit by public monopoly enterprise not for profit in certain fields. But private and public enterprise alike will work within the limits set by the general design.”

A careful analysis of the Beveridge Report will reveal that the Plan for Social Security is built on the understanding that the monetary system will not be disturbed and on the assumption that some form of national socialism, with

all its abhorrent compulsion and the regimentation of the lives of every individual, will be established at the same time.

The Report Arouses False Hopes

When the Beveridge Report was first made public it was accorded world-wide publicity, of a kind that must have led many to believe that it was certainly a revolutionary document that heralded the approach of a new world order wherein all men would dwell in peace, security and freedom. The author himself very modestly called it a "British Revolution," and stimulated the reader's anticipation by adding, "A revolutionary movement in the world's history is a time for revolutions, not for patching" (Para. 7). Following this ambitious introduction, and a study of the Report, the reader suffers bitter disappointment for the Report fails to live up to its initial promise.

A Larger Dose of the Same Drug

The Beveridge Report contains nothing new or revolutionary. Numerous schemes of social insurance are now in operation not only in England but in practically every country in the world. Such schemes are all based on the same principle and vary only in scope and administrative detail. The Beveridge Plan is merely an extension and centralization of existing schemes which have unquestionably been proven to be economically unsound and which certainly failed to exert any noticeable effect on the world's worst depression. It might even be demonstrated that such schemes aggravated the severity of the depression, in so far as they further depleted purchasing power that had dwindled almost to the vanishing point.

Paragraph 12 clearly expresses the purpose of the Plan:

"To prevent interruption or destruction of earning power from leading to want, it is necessary to *improve the present schemes* of social insurance in three directions: by *extension of scope* to cover persons now excluded, by *extension of purposes* to cover risks now excluded, and by *raising the rates of benefit*." (Italics are ours).

The Plan provides for the absolute unification and centralization of all existing schemes

and as the Report says (Para. 30): "The advantages of unified social security are great and unquestionable," though who will reap the benefit of such advantages is not stated. It is also unquestionable that we have here, the plan of a gigantic bureaucracy that can reach out and control, regiment and regulate the private lives of millions of citizens, making a mockery of democracy in return for "Freedom from Want." That this is actually the intention of the Report will be shown later in this analysis.

What is "Freedom from Want"?

The Atlantic Charter has popularized the phrase "Freedom from Want." Many have interpreted this expression to mean the guarantee of security in unemployment, sickness and old age, plus the maximum of individual freedom. The Report dispels, once and for all, any misinterpretation which may have been placed on what has now become a household phrase. Freedom does not mean freedom when used in the Report, but in fact the very antithesis of that cherished word. It must now be interpreted to mean compulsion, regimentation and the endless regulation of the lives of millions of individuals.

"Freedom from Want" is used in the Report to describe that state of poverty which is just above actual starvation. It is the absolute zero below which life could not exist, assuming of course, that the scientific calculations of the "expert" economists and statisticians are without error. Paragraph 10 puts it very clearly:

"It is, first and foremost, a plan of insurance—of giving in return for contributions, benefits *up to subsistence level*, as a right and without means test, so that individuals may build freely upon it."

Clearly the intention is to provide the bare minimum of subsistence in unemployment, sickness, youth and old age, and that, only after the individual has paid for the benefit he receives, by means of weekly contributions over a long period.

A Deceptive Document

One would conclude from Paragraph 10 that the intention of the Plan for Social Security was to provide as a right and without con-

dition at least freedom from starvation, "from the cradle to the grave", for all who were unable through loss of earnings to provide for themselves. A complete reading of the text, however, proves it to be deliberately misleading. Numerous conditions are scattered throughout the Report, which proves Paragraph 10 to be false, for the individual may be denied all or full benefits for a multitude of reasons.

Paragraph 19 enumerates some of the conditions which may be summarized as follows:

- (a) All persons must contribute to social insurance though some classes of individuals will not be entitled to some of the benefits.
- (b) Unemployment benefits will be subject to attendance at a work or training center, after a stipulated period of time.
- (c) Disability benefits will be paid subject to acceptance of vocational training.
- (d) In the many cases not covered by social insurance, national assistance (relief) subject to means tests will be available.

Further conditions are to be found throughout the Report while Paragraph 452 forecasts "a mass of detailed regulations." The Plan for Social Security, therefore, does not provide for security but merely for freedom from starvation and that only to those who are willing to accept any work offered to them. Those who cannot qualify may be granted "National Assistance,"—a more acceptable term for the "Dole" or "Relief".

A Parsimonious Scheme

One of the most striking characteristics of the Beveridge Report is the evidence of extraordinary pains taken to calculate how little can be given an unemployed or a sick or a retired person, and still keep him alive. The Report is indeed a masterpiece of parsimony. Page after page of the report is devoted to discussion of how low the subsistence rates may be set. A few quotations will serve to illustrate the extent of this phobia:

Paragraph 123 (iv). "As is shown in Paras. 217-222, the subsistence needs of men and

women do not differ except in food, where the needs of the latter may be put at about 1/- a week less."

Paragraph 218. "The 13/- (per week for food) may reasonably be divided as 7/- for a single man and 6/- for a single woman."

Paragraph 219. "Moreover, clothing is an item of expenditure which can for a time be postponed."

Paragraph 220. "There is also some possibility of reducing or postponing expenditure on fuel and light though not as much as in the case of clothing."

Freedom from Want in Old Age

It is in the consideration of the pensions to be paid in old age, that the Report reaches the lowest depths of penurious quibbling.

Paragraph 224 considers the subsistence needs of the aged:

"The food requirements of old people are placed by all authorities at substantially less than those of persons of working age. In calories they need about 75 per cent of what is needed by working age adults."

" . . . on the other hand, the food of old people will be more expensive because of their failing mastication and digestion. It is suggested that the food requirements of retired persons, in place of being 75 per cent of those of a working age adult, should be put at about 85 per cent, or for a man 6/- a week and for a woman 5/6 a week."

"The requirements of old people for clothing are not more than two-thirds of those of adults of working age."

"Retired persons should be able to adjust their rents. It is suggested that 6/- for a single person and 8/6 for a couple should be sufficient."

It is not suggested in the Report that the rates of benefit for retired persons calculated so nicely, should be given at the outset but rather that these are the rates which will be paid 20 years after the Plan begins to operate. This is done to give the workers at least 20

years in which to contribute to the Fund before they become qualified for full benefits. When the Plan is first put into operation Old Age Benefits will be considerably lower and will rise gradually over a period of years and in proportion to the number of contributions made by the individual.

Whereas retirement pensions are now paid out of the general revenue,—under the Plan for Social Security, the aged will receive a minimum necessary for subsistence providing they first pay for it through compulsory savings over a lifetime period of work. As an encouragement to work longer and contribute longer, the old are offered a trifle larger pension if they will continue to work beyond the age of retirement.

Where Will the Money Come From?

The foregoing analysis of the Beveridge Report would matter little, if the benefits provided actually constituted an addition to the national income and did not involve regimentation that would require the introduction of a social system repulsive to democratic and freedom-loving people. The real test of the Plan of Social Security, therefore, is to be found in the method which will be used to finance the scheme.

The Report is very clear on this point. The money will derive from three main sources:

- (1) The Citizen — by means of contributions from wages.
- (2) The Employer — by means of contributions.
- (3) The National Exchequer—from taxation.

This means, of course, that the recipient of benefits actually pays the whole bill, since (a) he contributes a part of his salary every week and (b) he pays the taxes and (c) he pays his employer's contribution in higher prices for the goods he buys. The Report admits that this is true for Paragraph 287 states in part, "But this only means that citizens paying these contributions, irrespective of their earnings will have to pay in addition as taxpayers according to capacity." Paragraph 297 admits that the employer's contribution is "part of the cost of his labour," and tactfully avoids pursuing the sub-

ject further, to determine how the employer will recover the cost of the labour.

A Redistribution of Poverty

" . . . the Plan for Social Security is only a means of redistributing national income—" (Paragraph 299) which is just a diplomatic way of saying it is a means of redistributing poverty. It is based on the assumption that the national income is equal to the value of national production,—a proven fallacy. According to the National Bureau of Economic Research (Income of U. S. No. 2 pp. 242-248) in 1918 American industry paid out slightly over 45½ billions of dollars in wages, salaries, dividends, etc., but that year American industry produced consumer goods to the value of over 60 millions of dollars. Of course, all of the 45½ billion would not be used to buy goods. A large part would be used for savings, investment, etc. Many such examples can be found to show that chronic shortage of purchasing power is a part of the present financial system. The Plan for Social Security could, therefore, be described as a means of redistributing a part of the already inadequate national income. John Citizen whose inadequate income places him just above the poverty line will have his income **reduced** to the poverty line by means of compulsory contributions and taxes, so that his less fortunate neighbour's income can be brought up to the poverty line. The Plan does not increase the national income in pounds, shillings and pence.

Will Lead to Ultimate Disaster

Since the Plan is based entirely on the principle of forced savings and is therefore a larger edition of schemes already in effect, the economic consequences will be more violent and in proportion to the magnitude of the scheme. All contributory schemes reduce the purchasing power of the individual by the amount of his contribution. When John Citizen contributes any amount whether a shilling or a pound a week, he must refrain from buying goods to that extent, thus decreasing the demand for goods which in turn inevitably slows up industry and causes industry to discharge workers. The discharged worker loses his income which is made up to him only **in part** by any benefits he may receive under any social security scheme. His purchasing power being therefore

reduced, further decreases the demand for goods and so a vicious cycle is begun that culminates in disastrous depressions and abnormal unemployment. Incidentally with the increase in unemployment, contributions to the Fund decrease while payments from the Fund increase at the same rate. It does not require the vision of a prophet to foresee an exhausted Fund and complete collapse of the whole scheme brought about by the creation of that self-same Fund.

The Report anticipates the eventualities outlined above. Paragraph 442 states in part "The onset of unemployment will then involve, not only an immediate increase in the expenditure of the Fund, but also an immediate decline in its receipts; by making surpluses in good times and spending them and even running into debt on its unemployment account in bad times, the Fund may be so operated as to have a further effect in stabilizing the general demand for labour." This statement is indeed worthy of the former Director of the London School of Economics. Far from stabilizing the general demand for labour the fund would always decrease the demand for labour whether times were "good" or "bad," for money issued from the Fund only replaces in part loss of income from unemployment.

No Room For Argument

Paragraph 442, however, is a gem of naive reasoning for it goes on to say, that, ". . . . by reducing the contributions of employers in bad times it would help to restore their demand for labour directly; by reducing the contributions of employees it would increase their purchasing power over goods and services and thus stimulate the demand for labour indirectly." By using the same logic, would not the reduction of contributions of employers and employees to the vanishing point during good times have the effect of making still better times? Sir William evidently reasons in the same way as the man who was asked why he pounded himself on the head with a mallet, to which he replied, "Because it feels so good when I stop."

The whole Plan is evidently based on the assumption that Depressions are inevitable,—a belief that now has few adherents since World War II has demonstrated that mass unemploy-

ment and lack of purchasing money which accompany depressions quickly vanish when the world is at war and hence are not a natural phenomenon but the result of the deliberate planning of the private money monopolists. Further, the Plan would hasten the advent of depression and increase its severity. But the Report excels any document of its kind by going still farther and with utmost candor admits that the Plan cannot be successful.

It Will Not Work

Paragraph 440 is such an outright condemnation of the whole scheme that it is necessary to quote it at considerable length here, not only to prove that the plan is admittedly unworkable, but also to attempt to discover why the Report was ever published if its creator knew it was not sound.

Paragraph 440 reads in part as follows: (Italics ours.)

"There are five reasons for saying that a satisfactory scheme of social insurance *assumes the maintenance of employment* and the prevention of mass unemployment."

Clearly the Report holds that the Plan will not function during periods of depression. It is also self-evident that it is during times of depression when unemployment is at its peak that the need of social security is greatest and conversely that when times are prosperous and employment is universal there is little need for any scheme at all.

Paragraph 440 continues: (Italics ours.)

"The proposal of the Report accordingly is to make unemployment benefit conditional upon attendance at a work or training centre. *This proposal is impracticable*, if it has to be applied to men by the million or the hundred thousand."

The foregoing quotation is self-explanatory. During good times men could be compelled to accept work if threatened with the loss of benefits but it would be idiotic to attempt this in hard times when there was no demand for workers. The alternative would be the creation of work which would have to be financed through borrowings and consequently would

not be highly paid. Under these circumstances it would hardly do to ask the workers to contribute to the Fund from starvation wages provided by government borrowing. It would be cheaper to pay the men as long as possible from the Fund on condition that they remain idle.

It Cannot Work, But It Must!

It is not however until we approach the end of Paragraph 440 that we begin to realize the full significance of the Report and the shape of the evil shadows that we have felt throughout were lurking in the background. We quote the last two sections in Paragraph 440 in full: (Italics ours.)

“Fourth, and most important, income security which is all that can be given by social insurance is so *inadequate a provision for human happiness that to put it forward by itself as a sole or principal measure of reconstruction hardly seems worth doing*. It should be accompanied by an announced determination to *use the powers of State to whatever extent may prove necessary to ensure for all, not indeed absolute continuity of work, but a reasonable chance of productive employment*.

“Fifth, though it should be within the power of the community to bear the cost of the whole Plan for Social Security, the cost is heavy and, if to the necessary cost waste is added, it may become *insupportable*. Unemployment, both through increasing expenditure on benefit and through reducing the income to bear those costs is the *worst form of waste*.”

The above statements are definite. They lead to the inevitable conclusion that the Plan for Social Security cannot successfully operate whenever a considerable amount of unemployment exists. The Report advocates that the “use of the powers of the State to whatever extent may be necessary” to ensure that a condition of unemployment does not develop. Followed through to its logical conclusion this can only mean the creation of work and the use of compulsion and regimentation to see to it that the work is performed. This is the method used in totalitarian states and there is no reason to believe that it could be employed elsewhere

without a dictator and all that we associate with the rule of force including secret police, concentration camps, and the destruction of political, religious and individual freedom.

What Is the Alternative?

There will be those who will agree with the conclusions contained in the foregoing analysis of the Beveridge Report, but will ask how else can the money be obtained to finance social security. They, like the author of the Report assume that the national income is an accurate measure of national wealth and production. It has already been shown elsewhere in this analysis that the national income under the present monetary system is not equal to the national wealth and production but falls far below it. The Beveridge Plan proposes to redistribute a part of the money income,—that portion which is principally in the hands of the poor, and so the poor will be compelled to feed the poor.

Social Security with freedom can be established without compulsion, regimentation, contributions or any of the odious characteristics of national socialism, if based on the following indisputable assumptions:

- (a) There is no longer a problem of production or scarcity. The problem is one of distribution of the abundance of goods that can be produced.
- (b) Money is the medium that brings about the distribution of goods. The supply of money under the present financial system in the hands of the people is insufficient to accomplish the full distribution of goods.
- (c) Science has so developed the machinery of production that the need of human labour has decreased and will continue to progressively decrease. Unemployment and greater leisure will therefore become a normal condition,—a blessing that no scheme should attempt to “cure.”

A comprehensive Plan of Social Security with Freedom based on these assumptions, would provide for:

- (1) The public control of money and credit

which would replace the private monopoly control of the present day bonding system.

- (2) Money and credit would be issued in a controlled and scientific manner, reflecting the true wealth and productive capacity of the nation.
- (3) A portion of the money so issued to equate the national income and national production, would be distributed to those who were unemployed, or sick or retired and also in the form of family allowances.

A Plan of Social Security based on the above principles would not require contributions, compulsion or regimentation. It would also raise the standard of living of all the people to the highest level made possible by the nation's ability to produce. Such a plan in itself, by creating an ever increasing demand for goods and providing the purchasing power necessary, would raise society progressively to higher standards of living and increasing leisure would provide opportunities for the development of a nobler culture.

PART III

RECONSTRUCTION

In the 1940 report to the Legislature, the Board said in part:

"Post-war reconstruction along the lines which will yield the people the social order they desire is not going to 'just happen.' This fact is rapidly dawning on people, and already there is evidence of a growing recognition of the fact that the foundations for the new democratic social system of the future should be carefully prepared in readiness for post-war reconstruction.

"Therefore any action for reform taken within a single province under present conditions should be organized so that it will invoke and strengthen the social power which has its focus in the achievement of the new post-war order. In short such action must be geared to national considera-

tions while serving provincial needs. We should proceed in the spirit of providing a demonstration of what can be done on a more comprehensive scale in the national field."

The interim programme has amply demonstrated to those who use the services offered by treasury branches that money is not, and never should have been treated as a commodity. It has also proven that a nation's wealth is determined not by the condition of figures in a bank ledger but by the amount of goods and services the people collectively can produce. It has proven, also, that the transfer of goods and services can take place without the use of the banker-controlled dollar, and that direct benefits can and do accrue to the users of non-negotiable transfer vouchers.

Due to war conditions the interim programme during 1942, was, like all other civilian activities, held on an even keel with little further development taking place. However, a great deal of pressure is coming from many parts of the province for an extension in the number of branches so that all parts of the province can take advantage of the services rendered.

There is ample proof that the interim programme played a vital part in the development of Alberta's industries prior to the outbreak of war, and there is every reason to believe that it will form a solid foundation upon which to reconstruct Alberta's economy after hostilities cease.

Prepare Now for Future

It is agreed now by thinking men the world over, that the time to prepare for our post-war economy is NOW. It is clear to all, too, that the people of Canada want to see no more war, after the present conflict is over. Therefore, our post-war economy must be devised in such a way as to ensure our people of two things of major importance:

1. The causes of war must be eliminated.
2. The people must be assured a full measure of economic security with a maximum of individual freedom.

In order that this can be effectively accomplished, the people must exert their democratic rights as they have never done before. Democracy so far has been rendered ineffective by the controllers of international finance who have used every means at their disposal to divide the people over questions that do not matter, while they have deliberately blinded the eyes of the public on major issues.

As evidence of this fact, we submit the following quotations from reliable sources:

"Democracy has no more persistent or insidious foe than the money power. That enemy is formidable because he works secretly, by persuasion or deceit, rather than by force, and so takes men unawares. He is a danger to good government everywhere."

(The late Lord Bryce in "Modern Democracies.")

"The money power preys upon the nation in times of peace, and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. It denounces as public enemies all who question its methods, or throw light upon its crimes. It can *only* be overthrown by the awakened conscience of the nation."

("The Power of the Common People"—W. Jennings Bryan.)

"Some of the biggest men in the United States, in the field of commerce and manufacture, know there is a power so organized, so subtle, so watchful, so interlocked, so complete, so persuasive, that they had better not speak above their breath when they speak in condemnation of it." (President Wilson in "This New Freedom.")

And further,

"We have been dreading all along the time when the combined power of high finance would be greater than the power of the government." (President Wilson.)

Surely it is evident to all, then, that the very first step which a government **must** take to establish a democratic post-war economy is to take back the sole right to create currency and

credit. This can be done without any serious dislocation of our present economy.

Establish Responsible Body

The government will establish a National Finance Commission composed of technical experts in the fields of economics and finance. This Commission will be made responsible to the sovereign people through Parliament and the Minister of Finance.

It will be the responsibility of this Commission to:

1. Regulate the supply of money and credit in such a way as to reflect the true picture of the country's production. (This would involve the abandonment of the present arbitrary restriction of money supply based upon a false gold standard.)
2. See to it that money is no longer treated as a commodity.
3. Equate purchasing power with the prices of available consumable goods by:
 - (a) Reducing prices to consumers without involving a loss to retailers, or
 - (b) Increasing the purchasing power of consumers, or both.
4. Make financially possible whatever is physically possible and desirable.
5. Abolish usury.
6. Reduce rationing and regimentation to an absolute minimum.
7. Devise ways and means of financing government expenditures without the creation of huge public debts and the consequent interest burdens they engender.
8. Devise methods of reducing and ultimately eliminating taxation.

Among many of the vital problems to be dealt with in our post-war economy will be the following:

1. The problem of rehabilitation of the returned members of our fighting forces.
2. The plight of our agriculturists.
3. The question of unemployment, work and wages.

4. The transfer from wartime to peace-time industries.
5. The liquidation of public and private debts.
6. The health question.
7. The menace of monopolies.

While many more could be enumerated these will serve to show the immensity of the problems facing the people and their governments. Who would dare suggest that these problems can be satisfactorily solved by the use of a money system which proved so inadequate in pre-war depression days?

Money the Crux

All of the schemes being suggested to date as a basis for post-war reconstruction are based upon the assumption that **money will be available in required quantities**. This is like saying, we will do all of these things if we have the money. The crux of the whole matter is money.

We are told by orthodox economists and bankers that we will be deeply in debt when the war is over. In reality we will be richer than we have ever been before. All individuals, as a result of present conditions of work and wages, will have a larger amount of economic security than they have had for many years. Our industries will be operating at full capacity, and will be in a position as never before to turn out goods in mass quantities to meet the needs of all the people. Our young men and women, as a result of rigid training will be better equipped physically and mentally to take their places in society, and to contribute services to the betterment of our material well-being. The private debts of our people, as a result of better economic conditions during wartime, will be at a lower level than they were in September, 1939.

Why then should we be poor? Had we produced goods and services to prosecute the war without the use of a financial system, every individual in Canada would have contributed goods and services, and would have received in return the goods and services he required to meet his own needs. In effect this is all that has happened, but the whole process has been facilitated by the use of a financial system. In

other words the bankers have acted as the public bookkeepers, keeping a record of the transactions as they occurred. Does it not, therefore, seem strange that when the war is over, their books will show that we, the public, owe them billions of dollars? They have contributed books, pens and ink together with their services, but no one in Canada has done less. Why then the immense debt?

The answer is simple. The money they created, they look upon as their own, when in fact it is nothing more than a reflection of the productive capacity of our people. As they have a complete monopoly over the control of money, they issue it as a debt to the people to be repaid at some future date with interest. The result is that so long as this system is retained just so long will our people remain in economic bondage.

Abraham Lincoln once said "The creation of money is not only the government's supreme prerogative, it is its greatest creative opportunity."

The people of Canada must be aroused to this fact. They must unite and demand of their representatives that they work to this end, of placing once more in the hands of the government the complete control over the issuance of money and credit. Unless this is undertaken as the very first step in a programme of post-war reconstruction "democracy" will become an idle word and "economic security with freedom" a dream.

The members of the Social Credit Board recommend the foregoing to the earnest consideration of the members of the Legislative Assembly.

Signed:

- A. J. Hooke, Chairman.
N. B. James, Secretary.
A. V. Bourcier
R. E. Ansley
F. M. Baker } Members of
 } the Board.

